S&MM
SALES & MARKETING MANAGEMENT

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Inside Out

Hertz opens a new market and achieves big sales by leasing vans to people to share the ride to work. Page 10.

S&MM Barometer. Year-end sales will give hard-pressed retailers cause to celebrate (and also a hangover). Page 13.

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Olivetti divides to conquer

One of Al Winegar's first moves as president of Olivetti Corp. of America was to segment his markets and adopt a two-pronged sales strategy. But will that enable him to survive the coming clash between IBM and Exxon? Page 31.

AN S&MM SPECIAL SECTION

A REASON FOR EVERY MEETING

Page 59.

ELECTRONIC NEWSPAPER

SM1368835 1281 011273811 4R201X
CONGRESSIONAL INFO SVCS ***
S R I ACQUISITIONS ***
4520 EAST WEST HWY
WASHINGTON DC 20014

What's coming up

An S&MM Special Report: Managing Costs for More Productive Selling. Thirty-two pages of advice for the effective management of selling costs, including answers to such questions as, Should the sales force be reserved for calling on major accounts only? and, How much responsibility for independent reps? Dec. 8.

Sixth Annual Awards. Which marketing organizations have been most successful in their industries in 1980? The winners will be profiled in S&MM's Annual Awards Issue. S&MM's Special Citation will go to an entrepreneur who created a multimillion-dollar company not once, but twice. Jan. 12.

An S&MM Special Section: Trade Shows. More than ever before, trade shows are in flux. Trends include the growing number of regional shows, new exhibit techniques, and the controversy over auditing. S&MM examines these and other developments in shows. Jan. 12.

Letter From Tokyo. Their aggressiveness in world markets has made the Japanese a lot of enemies. But they're convinced that a little compromise and mergers with foreign companies is the solution. Feb. 2.

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ABP ABC BPA ABC

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Squibb's Emma Morris (seated) and Maribeth Newcomb

tomers who happen not to like the salesperson who calls on them.

Spending long hours on the phone requires an unflappable temperament and a tolerence for paperwork, says division director Glenn Horrocks, adding that Morris and Newcomb have both characteristics. The women were given the same basic product knowledge and sales training as the field force. They too must meet quotas and they share commissions with the salesperson in whose territory they close a sale.

Do Tel-Serv and the field reps ever get their signals crossed? "Sure," says Morris, a 38-year Squibb veteran. "I've often called a doctor's receptionist only to learn that one of our salesmen was sitting right there in the waiting room." But things balance out, she adds, noting that the field salespeople are quick to help out when such problems as an order gone astray crop up.

COMPENSATION

Managing costs with a carrot

Richard J. Belliveau's 15 salespeople will spend between $10,000 and $15,000 each on travel and entertainment this

S&MM BAROMETER

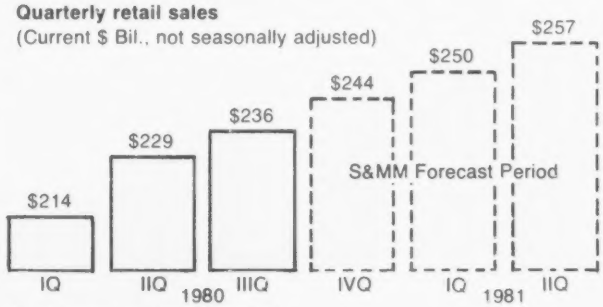
Retail sales: The pall continues

Now that 1980's recession has proved to be much shorter than predicted, there's concern that the recovery that began in the third quarter will be aborted by renewed inflation, a round of oil price hikes, and direct and indirect tax rises in the early phase of 1981. All of which is hardly cheerful news for long-beleaguered consumer goods marketers. For the first nine months of 1980, retail sales rose 6.3%. However, in real terms (1972$), spending at checkout counters fell 4% (slightly more if you add in the population increase).

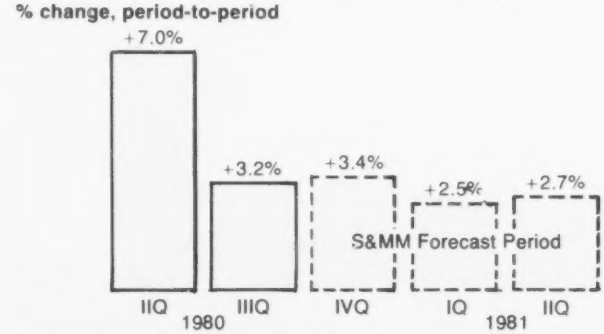
Retail store sales in the current quarter, buoyed by the usual Christmas splurge, will post a 3.4% gain over the third quarter.* But 1981's first quarter will show a lackluster 2.5% period-to-period rise as consumers tackle the debts incurred in their holiday gift-giving. Consumers also will be reeling under the impact of Social Security tax increases, the biggest ever, that go into effect on New Year's Day.

*S&MM third quarter forecast (June 9) of $128 billion in real retail sales (vs. actual $129 billion) was right on target.

Quarterly retail sales
(Current $ Bil., not seasonally adjusted)



% change, period-to-period



Sources: Census Bureau, *Monthly Retail Trade Report*, and Bureau of Economic Analysis, unpublished data on retail sales deflators, for historical totals; Data Resources, Inc., *Consumer Markets Service*, Economic Analysis Associates, *Consumer Monitor*, Goldman Sachs, *Pocket Chartroom*, for consensus forecast.
* Sales & Marketing Management.

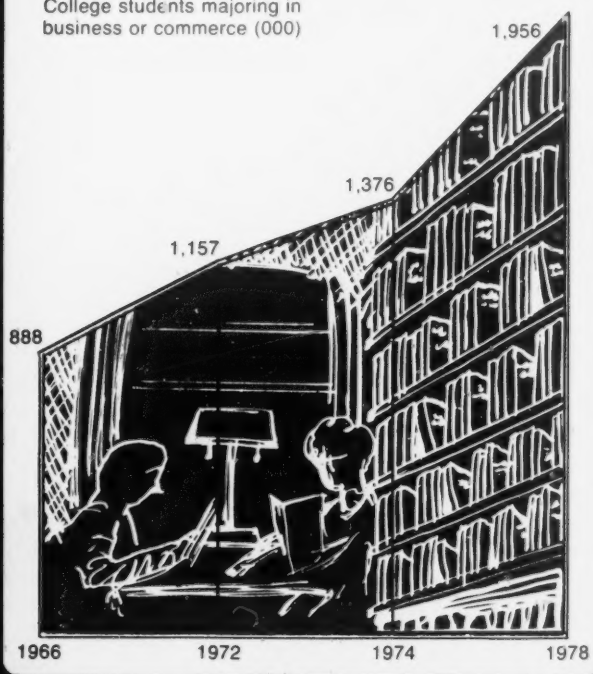
S&MM MARKETGRAPH

Tomorrow's sales trainees: More women and blacks

Further evidence that women and blacks will represent larger proportions of sales trainees in the future is suggested by the latest survey of the fields of study pursued by college students. One-fifth (19.9%) of the 9.8 million students in college in 1978 majored in business or commerce, a sharp increase over the comparative 14.8% in 1966, according to the Census Bureau. While the number of business majors doubled in the 1966–78 period, women with the same specialty quadrupled and similarly inclined blacks quintupled. In fact, more women now go after business degrees than education degrees, which traditionally was their favorite field of study. Two out of five business majors are now women.

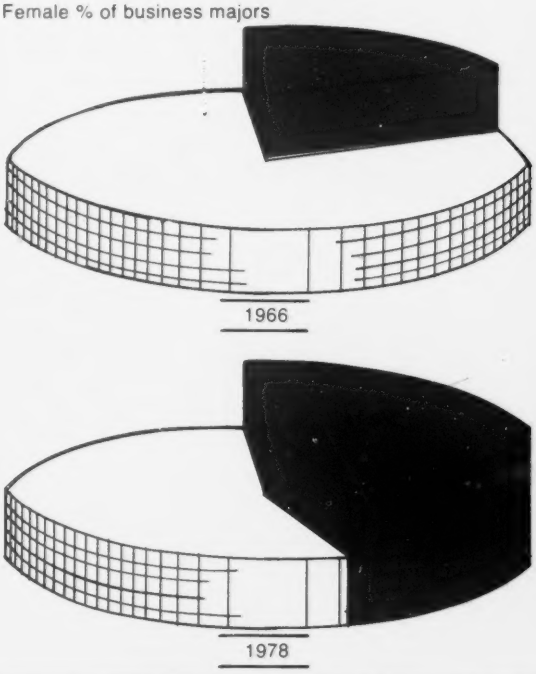
More business-minded students . . .

College students majoring in business or commerce (000)



. . . especially among women

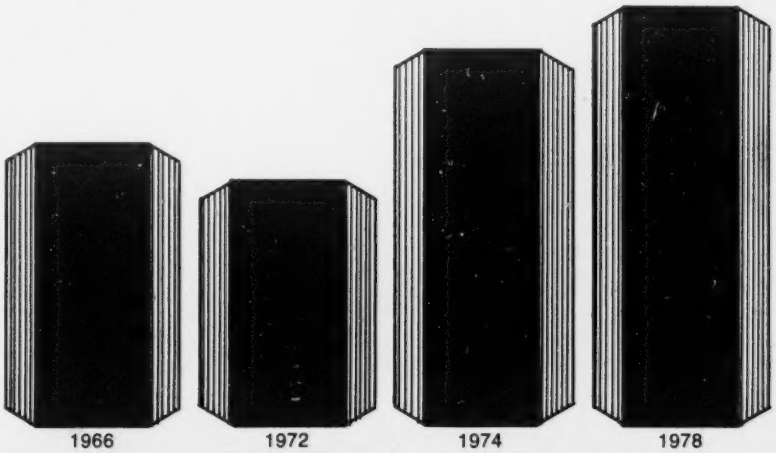
Female % of business majors



Blacks opt for business careers, too

Black college students (000) 282 727 814 1,021

% majoring in business or commerce



Sources: S&MM calculations; Census Bureau, *Major Fields of Study of College Students: October 1978*, Series P-20, No. 351.

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Like the former IBMer he is, Al Winegar segments his markets and adopts a two-pronged strategy: dealers for stand-alone products, direct sales for systems.

Olivetti divides to conquer

By THAYER C. TAYLOR
Senior Editor/Management Sciences

Dominating the lobby at the headquarters of Olivetti Corp. of America in Tarrytown, NY, is a Roman statue, headless and armless, which seems to symbolize the parent company's frustrations in trying to run the U.S. operation from Ivrea, Italy. Until early this year little was done to give the organization the products it needed to keep pace with the fast-moving technology of the U.S. market, and financial results were dismal. In 1978, the U.S. company lost $38 million on sales of $221 million; in 1979, $9 million on sales of $227 million.

Then this summer, Carlo De Benedetti, vice chairman of the Olivetti Group, the biggest producer of business equipment in Europe, reversed a traditional policy and installed an American, Albert L. Winegar, 49, as president of Olivetti Corp. of America. Winegar, a veteran of IBM's Office Products Div., who talks eagerly about the "all-American management team" he has put together in a few months, learned much about Olivetti's ways before he got the top job, however. Hired personally by De Benedetti in September 1979, he was assigned to bone up on the company's multinational business strategy by taking a six-month tour of its 23 plants scattered around the world.

Having the benefit of this period to analyze Olivetti's diverse product line, Winegar quickly split the marketing responsibility between two divisions when he became president, identifying specific market segments for each group. "In a huge market like the U.S., a company this size can't take on IBM, Xerox, Exxon Office Systems, and Burroughs with a frontal assault," he says. "We have to pick segments and go after each one with a different selling approach."

One of Winegar's first moves was to develop a marketing program just for the off-the-shelf office equipment which he sees as the core of Olivetti's business. His objective: to sell such things as electronic typewriters (price, $1,290), word processors ($15,000), copiers ($1,560) and calculators ($99) to small- and medium-sized customers. Although he does not intend to abandon the lush, national-account trade to his larger competitors, Winegar is gearing up his sales and marketing organization to concentrate on selling a wide assortment of low-end products to the broad middle of the commercial market.

Because selling costs are a prime factor in serving this market, Winegar quickly eliminated direct selling in favor of a nationwide dealer network last August. He closed down 20 of Olivetti's 38 branches and lopped off 700 sales, support, and administrative personnel. A separate Dealer Div. was set up under vice president Leon Harris, who so far has signed 500 dealers. He aims to have 600 by mid-1981.

At the same time, Winegar created a Computer Systems Div., headed by vice president Arthur Oppenberg, to sell small business computers

(price, $9,000), and on-line terminals, which account for 20% of Olivetti's sales. Because these are relatively complex products, and are sold as systems, they require personal selling. Thus, Oppenberg has a force of 120 sales representatives who work out of 17 branch offices. Besides customers, they call on 100 franchised dealers in smaller cities. They also make a major contribution by covering some national accounts for the typewriters, word processors, and other items sold by the Dealer Div.

During his first weeks in office Winegar also took the following steps:

• Brought in Ernest Pope from IBM to serve as vice president of a new marketing department, which provides the staff support for field selling.

• Created a business planning function that defines individual geographic and product markets, determines Olivetti's targeted shares, and sets dealers' quotas.

• Set up a pricing and business volume unit to analyze Olivetti and competitor products and prices. "Now we can better define the requirements of the U.S. market, tell the engineers we need a certain product at a set price, and decide whether we should make it ourselves or go outside for it," says Winegar.

• Installed an automatic order entry system at the mammoth (24 truck bays) Bridgewater, NJ distribution center. Using a toll-free 800 number, dealers and sales reps phone in orders, which are speedily processed by computer.

• Doubled the ad budget to $3 million and put Olivetti into broadcast media for the first time. He is testing a TV campaign in Texas and a radio promotion in seven major markets to see how efficiently they can develop leads.

• Put in place small, mission-oriented sales groups that go after particular markets. For example, a five-person sales group will push consumer sales of calculators and low-end electric typewriters through major retail chains and mass

Olivetti battles for a bigger share

Electronic Typewriters 1979 installed base: 92,000 Market Share		Stand-alone Display Word Processors 1979 installed base: 63,000 Market Share	
IBM	70.0%	Lanier/AES	17.0%
Qyx (Exxon)	17.0	IBM	11.0
Olivetti	10.1	NBI	6.0
Adler/Royal	2.0	Olivetti	5.0
Olympia	0.9	Vydec (Exxon)	5.0
		Lexitron	5.0
		Xerox	4.0
		Burroughs	4.0
		AM International	4.0

Source: International Data Corp.: *The Electronic Typewriter Market, Automated Business Communications.*

Shipments of automated office equipment (word processing, electronic typewriters, facsimile, intelligent copier-printers, and teleconferencing) will soar fivefold, from $1.2 billion in 1979 to $6.2 billion in 1984, predicts Arthur Miller, a consultant with International Data Corp. Olivetti is positioned in two fast-growing sectors—electronic typewriters, whose shipments will climb from $157 million to $1.57 billion in the five-year period, and stand-alone display word processors, which will grow from $578 million to $1.8 billion. However, it has no entry in the fastest-growing segment of all: clustered display word processors, whose shipments will rocket from a mere $9 million to $2.2 billion.

A spectacular

The prime short-term goal of Olivetti president Al Winegar is to gain a 20% share in the electronic typewriter market and displace Exxon's Qyx from the No. 2 slot. Exxon threw a roadblock to his plans last month when it established Exxon Office Systems (EOS) to coordinate its venture capital operations in the office products market.

To head EOS, Exxon brought in a former Winegar comrade, Robert A. Contino, 43, who had been with IBM's Office Products Div. for 22 years. The move is significant because Contino presides over an operation that accounted for an estimated $146 million in revenues last year and is expected to grow to nearly $700 million by 1985, according to Northern Business Intelligence, a research house. Under the EOS umbrella are the following:

• Three office equipment subsidiaries
  Qwip facsimile machines, founded 1974
  Qyx electronic typewriters, 1978
  Vydec word processors, 1972

• Office Systems Marketing Div., headed by former Qwip president John Cochran

• International Div., headed by Pat de Cavaignac who had been president of Vydec

• An advanced product development group.

Formation of the product development group indicates that Contino's plans probably extend beyond the office. The group is made up of three R&D

merchandisers, catalogue houses, and special distribution outlets such as American Express and the oil companies.

Perhaps the riskiest part of Winegar's strategy is the decision to let dealers handle nearly all the selling of the low-end office products that are Olivetti's bread and butter. In contrast, his two biggest rivals in the electronic typewriter sweepstakes (IBM and Exxon's Qyx and Vydec subsidiaries) both are revitalizing marketing programs that rely heavily on direct selling. IBM, in a drastic reshuffle, now has its Office Products and General Systems Divisions coordinate their efforts to exploit the growing convergence of data- and word-processing (S&MM Sept. 15). Exxon is imposing tight management controls on some of its venture capital operations for a frontal assault on the information products market (see box, below).

Winegar's sales strategy is

for the 1980s: Exxon vs. IBM

operations: (1) Xonex, working on a multipurpose terminal for order entry and other functions; (2) Danbury Systems, developing ink-jet printer technology (the heart of any word processing system); and (3) Summit, building computer systems from chip technology.

Summit is a spinoff from the Zilog microcomputer venture capital operation. The fact that Zilog was not put in EOS surprised industry observers. Its independent status suggests that Exxon will form three additional counterparts to EOS, says senior marketing analyst Stephanie Bigusiak, The Yankee Group, a Boston market researcher. The three will concentrate on computers, communications, and components.

Exxon Enterprises, the new venture development arm of Exxon Corp., has always wrestled with the problem of giving its "wild ducks" room to innovate and, at the same time, coordinating matters so that they don't go off on aimless trajectories. As International Data Corp.'s Arthur Miller notes: "There comes a time when you have to get serious about the products you want to present to the market and the managerial direction for getting them there."

Exxon tilted in this direction over a year ago, says Sean White, head of Northern Business Intelligence, "when it imposed financial controls and encouraged cross-fertilization among the three companies for planning purposes." Adds Patricia Seybold, editor of *The Seybold Report on Word Processing*: "Exxon was pushed in this direction by the need to counter the IBM image with its own image of a total systems supplier for office automation. It can't do that as long as it sells products under three different brand names." She feels that an Exxon label will gradually displace the Qwip, Qyx, and Vydec logos.

Few observers feel EOS was created to deliver a quick profit for Exxon. Dataquest's Cliff Lindsey reasons that, "They're looking at it from a long-range perspective."

Not everyone is convinced that creating EOS ends Exxon's headaches. Argues Richard Dalton, editor of *Open Systems* newsletter, "While the move saves some overhead selling expenses, it's still a superficial one until they build compatability between the three different product lines. Rather than market stand-alone products, they should be developing products that fit together in a system."

Contino won't tip his hand as to how many of the 120 branch offices and 57 dealers used by the three companies will be consolidated. Nor will Exxon say whether an individual salesperson will handle all three lines.

Robert A. Contino of EOS

Two basic problems that Contino must come to grips with: (1) growing competition between Qyx's top-end product and Vydec's bottom-end product; and (2) failure of Vydec and Qyx salespeople to feed each other leads when they lose out on a sale. Such problems led to Exxon's failure to capitalize on Qyx's bringing out the industry's first electronic typewriter, in 1979. IBM quickly countered with its Model 50/60 and now has 70% of the market while Qyx has just 20%.

The collision course that Exxon and IBM are headed on seems likely to produce one of the major marketing events of the 1980s. Dodging the fallout will keep Winegar and other vendors on their toes.

Great expectations at Exxon Office Systems

	Revenues 1979 Est. ($ Mil.)	1985 Est. ($ Mil.)
Qwip	$ 43	$175
Qyx	45	470
Vydec	52	
Zilog	6	50
Total	$146	$695

Source: Northern Business Intelligence, *Exxon Information Systems: A Strategic Analysis.*

also a break with the marketing philosophy of his predecessor, the dynamic Marisa Cantoni Bellisario, who was De Benedetti's last try at offshore management. Although she began to refocus the company's marketing strategy from direct sales to a two-tier system, closing several branch offices and dismissing some 1,100 employees, she retained 38 branch offices to maintain direct contact with customers.

Winegar's move also tends to support his contention that the "all-American management" team isn't just a cosmetic ploy. "We have total P&L responsibility," he says "We will design and develop our own products, manufacture them in our own plants or get them on an OEM basis from outside suppliers depending upon the cost-efficiencies. In time, we will make products for another company's label."

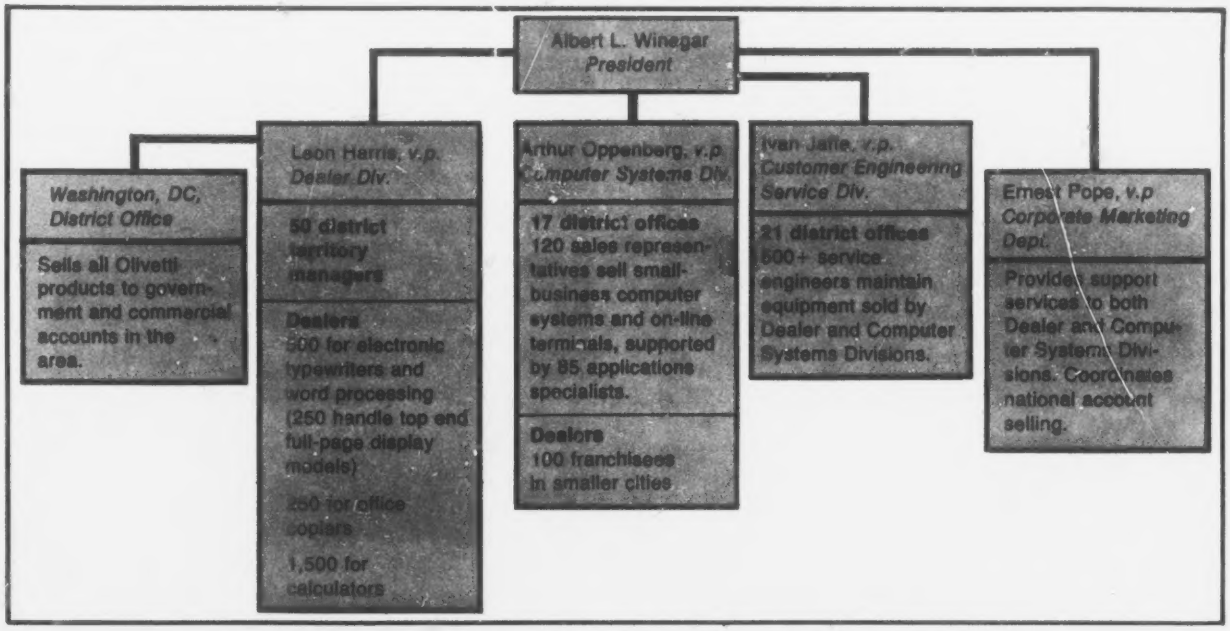
The shift in power from Ivrea to Tarrytown and Winegar's sales strategy draw praise from Olivetti dealers. Ron Angiers, who has franchises in Rochester, NY, and Buffalo, says "Bellisario did what she had to do, the ruthless dirty work of cleaning out deadwood and putting in a new foundation. But it's good to see a professional marketing guy like Winegar in there who wears a white shirt without flowers all over it."

Behind Winegar's dealer-oriented selling strategy is the need to lower selling costs and the ambition to acquire broader market penetration. "With our cost-per-sales-call rapidly approaching the $100 level," he says, "it's no longer cost-efficient for us to sell low-end products, such as calculators and electric and electronic typewriters, on a direct basis. It's economical for an office equipment dealer to handle them because he's also selling a lot of other things, such as accounting machines and furniture, and can spread his costs over a wider base. Furthermore, dealers have become a sophisticated distribution channel, and they'll give us the broader coverage we need."

The fact that cold-calling plays an important role in selling low-end office products also influenced Winegar. "Selling typewriters is very much a numbers game," notes Cliff Lindsey, director of word processing services at Dataquest, a Cupertino, CA, research firm specializing in high-technology industries. "The process involves making calls, demonstrating the unit, and getting the order. The more people Olivetti has out there knocking on 20 doors a day, the more it's going to sell."

Winegar and Harris are moving fast to bolster their dealer-oriented strategy. Sales regions have been increased from three to five to shorten the lines of communications between Olivetti and its dealers. Sales training, once centralized in Tarrytown, now takes place in each of the regional offices (Nyack, NY, Atlanta, Dallas, Chicago, and Los Angeles). "This makes it more economical for the dealer to send personnel to a center for the necessary technical training," Har-

Dealers play a key role for Olivetti


Albert L. Winegar
President
Washington, DC, District Office
Sells all Olivetti products to government and commercial accounts in the area.
Leon Harris, v.p. Dealer Div.
50 district territory managers
Dealers
500 for electronic typewriters and word processing (250 handle top end full-page display models)
250 for office copiers
1,500 for calculators
Arthur Oppenberg, v.p. Computer Systems Div.
17 district offices
120 sales representatives sell small-business computer systems and on-line terminals, supported by 85 applications specialists.
Dealers
100 franchisees in smaller cities
Ivan Jaffe, v.p. Customer Engineering Service Div.
21 district offices
500+ service engineers maintain equipment sold by Dealer and Computer Systems Divisions.
Ernest Pope, v.p. Corporate Marketing Dept.
Provides support services to both Dealer and Computer Systems Divisions. Coordinates national account selling.

Matching its sales tactics to product type, Olivetti relies on dealers for so-called stand-alone products, and uses direct selling for systems products.

ris says. To make it even easier for the dealer to train his own personnel as well as customers, Winegar adds, "we'll put more emphasis on self-teaching methods; the kind of things that don't require sending someone to a classroom."

To maintain the customer ties that are often lost when dealers do the selling, Harris relies on a cadre of district territory managers (DTMs). He recently increased their number from 30 to 50 and will add more as he signs up additional dealers.

Besides soliciting orders from dealers, DTMs provide support services and make calls on customers with dealer sales reps to get a feel for reaction to Olivetti's new products and the needs for future machines. "I'm getting all the help I need from the territory manager," says Stephen T. Ruff, a Norwalk, CT, dealer. "He trains my new hires and puts on seminars for prospects. I see him a lot more often than any other vendor's rep."

Although Winegar is betting that dealers will give him a low-cost entrée to the some 3.2 million small businesses with less than 26 employees, others think he may lose out on the multiple-unit orders. "The fundamental problem with relying on dealers," asserts Ken Bosomworth, president, International Resource Development, Norwalk, CT, a market researcher concentrating on hi-tech industries, "is that they don't reach the high-volume user, the one who orders 60 machines at a time. Olivetti dealers will be tied to customers that order only one or two units at a time."

Maybe so, counters Le-Ellen Spelman, word processing specialist at Martin Simpson Research Associates, New York City, "but such companies as CPT and NBI have chalked up successful track records in the high end of the word processor spectrum with dealer-oriented strategies. And the Japanese copier marketers and Savin certainly taught Xerox a lesson on how exclusive use of dealers can build a market."

Winegar concedes the risk involved but notes that his two biggest rivals in electronic typewriters are trying new sales tactics. IBM is looking for alternatives to direct selling as it pursues the small business market, and Exxon's Qyx is making a greater use both of dealers and of cooperative selling with its sister subsidiary, Vydec. Going along with Winegar is Melody Johnson, director of office and computer studies at Quantum Science Corp., a New York City research house. "The dealer's role in office products marketing will increase," she contends, "because while technology is driving the manufacturing costs down, the inflationary costs of selling are keeping vendors from passing all of the benefits along to the customer."

In any event, Olivetti isn't giving up on the big-volume user. Harris's DTMs coach dealers to go after national accounts, work up presentations that can be used to solicit such business, and accompany the dealer's sales rep when he makes his proposal. There are also seven salespeople based in the marketing department who concentrate on national accounts for all Olivetti products.

Once a contract with a national account is signed, dealers with the account's local

(continued on page 107)

How typewriter users rate suppliers

Olivetti has its work cut out for it in maintaining strong customer ties through its dealer network. Here are the key findings of a survey (in mid-1979) of Olivetti, IBM, and Qyx users by Strategic Business Services, San Jose, CA, as capsuled in its report, *Intelligent Typewriters in the Word Processing Marketplace*:

"Olivetti users were disappointed in their training, while Qyx users raved about their training, manuals, and follow-up." Only 6% of Olivetti users considered training manuals "excellent or very good" compared to 18% for IBM and 65% for Qyx.

"IBM showed the worst ratings in quality of service and speed of response." IBM users (20%) were the only ones to label service "not good," while 95% of Qyx users rated service "very good," vs. 23% Olivetti, 30% IBM.

"Olivetti and IBM users were strongest in their feeling that the systems had all of the options that should be offered. They also felt little need for communications capabilities."

"Olivetti users are more aware of pricing. Since more Olivetti users are one-person offices, the decision is made a lot closer to the operator." SBS vice president Jules Street says a "more highly focussed selling effort capitalizing on this factor would gain Olivetti much additional penetration."

"The demonstration was the most important aspect of the selling cycle. About 90% of IBM users learned of the product from IBM marketing representatives, most Qyx users from demonstrations at business shows, and 50% of Olivetti users from ads and 40% from sales personnel."

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Olivetti

(continued from page 35)

plants in their areas are notified of the prices and specifications. Winegar says Olivetti's basic arrangement with dealers calls for them to fulfill the contract, warranty the equipment, and service it.

To help dealers get the most out of their markets, Olivetti relies on sophisticated computer-based forecasting models that calculate the total potential available in a dealer's territory and the share that he should achieve. The quotas are broken down by individual product. Dealer Ron Angiers notes that "Olivetti is more flexible about quotas now. I can sit down with Harris and the territory manager and point out where the statistics overlook certain local market nuances, such as whether it's a white collar or a blue collar town." However, dealer Steve Ruff says, "No one has told us anything about a new quota plan."

The overall thrust of Winegar's many changes aims at positioning Olivetti in the emerging megabucks office-of-the-future marketplace. Currently, electronic typewriters and word processing account for 40% of company sales; small business computers and on-line terminals 20%; mass merchandising of calculators and electric typewriters another 20%; office copiers 15%; and supplies 5%. He expects electronic typewriters and word processing to set the pace for the company's growth.

Winegar seems to have picked a high-flying market sector as the anchor for his growth plans. The market should expand at least 70% a year, says Larry Wells, president of Creative Strategies International, the San Jose, CA, marketing research house. "Electronic typewriters will virtually replace electrics because technology will drive costs down to the point where the two will sell for nearly the same price. The need to boost office productivity will also help electronics."

However, Winegar will have lots of competition. With their customer base threatened, every maker of electric typewriters will have to field an electronic version. SCM, the number one typewriter manufacturer, last month announced its first electronic machine. Xerox has made no secret of its intentions to eventually enter the low-end electronic type-

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writer sector, and last month rumors swirled that it will unveil a family of upgradable machines in the next 60 days.

Centronics Data Products, Hudson, NH, will soon begin to ship its Quietwriter, which boasts an innovative stylus printing mechanism. In addition, Toshiba introduced its first word-processor last month in Paris, providing a hint of what may eventually be brought to market by other Japanese manufacturers.

Unfazed, Winegar says his new ET 121 (price, $1,290) and ET 231 ($2,590), shipments of which are just moving out from the Harrisburg, PA, plant, give Olivetti dealers the broadest line of word processing products available to anyone in the industry. Both, he adds, pack advanced features not found on IBM Selectrics and sell for $100 to $200 less.

Winegar's most deluxe product, a $15,000 full-page display word-processor, is manufactured by NBI (S&MM, Nov. 1978), an arrangement made by Bellisario to fill a serious gap in the product line. NBI says it sold more than $3 million of the machines to Olivetti in the 12 months ended June 30. The contract ends next month. Asked if Olivetti might not renew it because it would be more profitable to make its own machines, Winegar declined to comment.

Winegar hopes to shake up the competition during the first quarter of next year when he introduces the industry's first portable electronic typewriter (weight, 14 lbs.) priced at $680. The product will be made in the Far East under a licensing agreement. Harris says that dealer interest in the machine has been "phenomenal," and he sees it becoming a hit both in the consumer market and the office market, particularly among such professionals as doctors and dentists whose typing volume is limited.

Still, Winegar's preoccupation with the low end of the electronic typewriter market may be severely tested by the mid-1890s when demand for high-end machines is expected to grow three times as fast. Also, some observers wonder if Qyx's stress on its family of compatible electronic typewriters may strike a more responsive chord. Word processing consultant Amy D. Wohl, Advanced Office Concepts, Bala Cynwyd, PA, faults Olivetti for the lack of compatibility between its assorted machines as "compared to Qyx's modular upgradable machines which permit the user to move from one level to the next by modules while retaining the same box."

It's questionable, however, whether modularity is attractive to Winegar's prime sales targets. "The appeal of modularity is limited to larger companies," says Gideon Gartner, head of the Gartner Group, Greenwich, CT, an advisor to institutional investors. "Smaller organizations just want a typewriter with certain features. IBM still has nonupgradable typewriters, and that hasn't stopped them from getting 70% of the market."

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A Sibson & Co. survey provided exclusively to S&MM shows that, despite record salary increases, sales and marketing executives are falling behind inflation.

The high cost of keeping up

By JOHN A. FISCHER
Vice President
Sibson & Co.

Companies are reacting rapidly to rising inflation and the growing personal tax burden by adopting larger compensation packages for marketers. That's one of the chief findings of our annual management compensation survey, which shows that the increases are likely to continue well into the 1980s. This year, in fact, the 13.8% salary raise for the top sales and marketing executive is the heftiest in the 16-year history of the survey.

As a group, the 13 sales and marketing positions covered in the survey show a 10.9% increase in salary this year and a 12% jump in salary-plus-bonus (see chart at right). This compares with a 9.9% gain in salary levels, and a 10.9% increment in salary-plus-bonus, pulled down by all sales and marketing positions in 1979 (S&MM, Feb. 4, 1980).

Of course, what seem to be sizeable salary increases are tempered somewhat when balanced against inflation. Although the U.S. Labor Dept.'s Consumer Price Index (CPI) is by no means a completely accurate measure of the rate of inflation, it does put it in perspective. Sales and marketing executives' salary levels are up 10.9%, but the CPI will post a 13.3% rise this year, says the *Blue Chip Economic Indicators* newsletter in its latest survey of economists' forecasts. Thus, the net loss in real dollars is 2% to 3%. The 10.9% increase for marketers is slightly below the 11.3% average increase for all 65 executive positions in our survey.

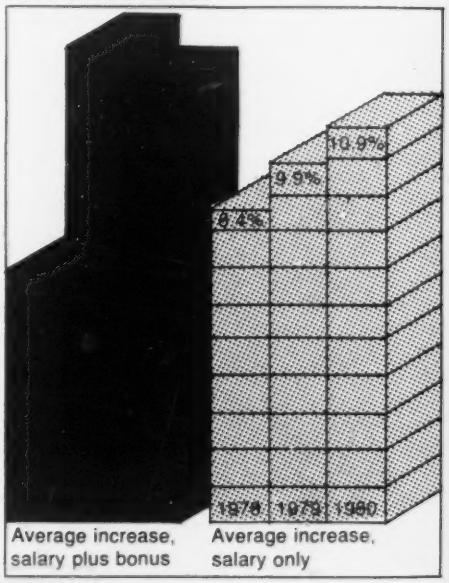
There is a clear-cut separation in pay between the top five sales and marketing executives at firms of all sizes and the other related positions (Table 1). This is partly because bonuses play a much more important role in the total compensation levels for the top jobs.

Contrary to popular opinion, relatively few companies make allowances for geographic differences. Only 12% of the 725 respondent companies pay regional or geographical salary differences to executives. However, the survey indicates that actual salary levels are higher in Northeastern and West Coast cities and lowest in the Southeast.

An analysis of total compensation levels (salary plus bonus) in the 1980 survey shows that the current economic slowdown is having an effect on bonuses. The 12% increase in marketers' total compensation lags behind last year's 13%, and also trails the 12.8% average increase for the other 52 positions in the survey.

The top sales and marketing executive led all other sales

The recession takes its toll on bonuses

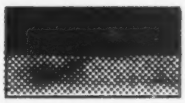


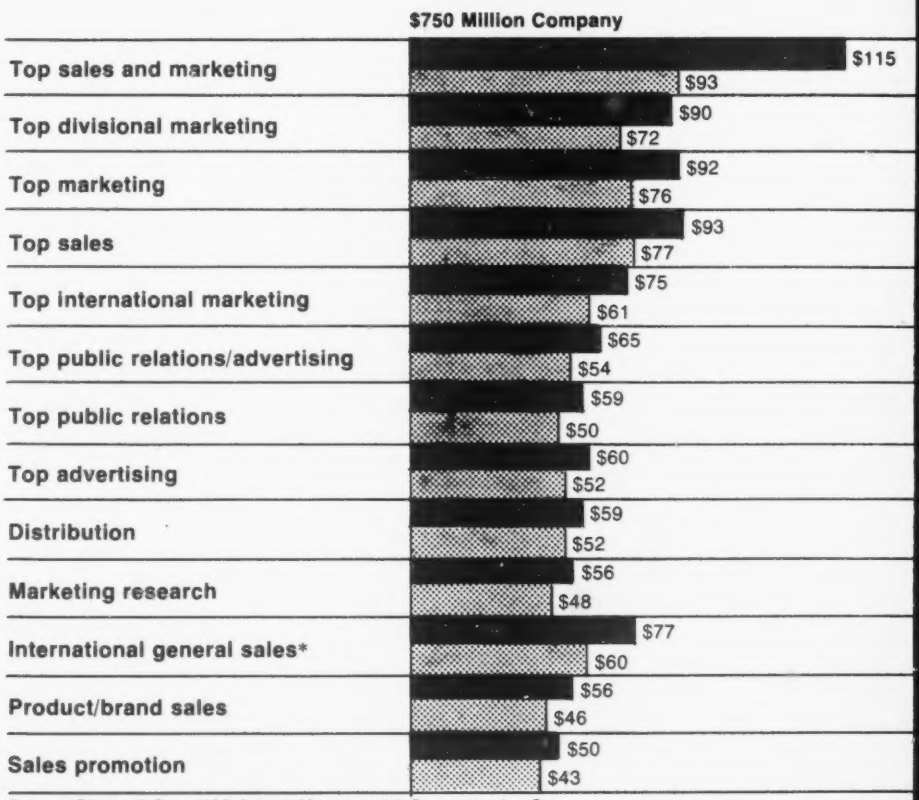
Source: Sibson & Co., 1980 *Annual Management Compensation Survey*.

Table 1

How sales and marketing compensation changes by company size

(Figures in thousands of dollars)

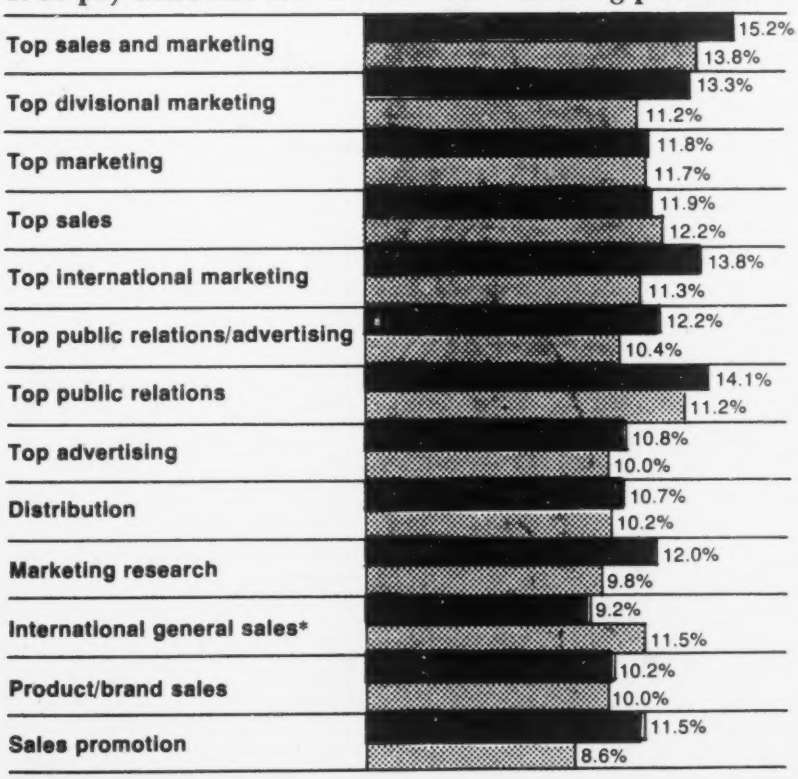



$750 Million Company
Top sales and marketing $115 $93
Top divisional marketing $90 $72
Top marketing $92 $76
Top sales $93 $77
Top international marketing $75 $61
Top public relations/advertising $65 $54
Top public relations $59 $50
Top advertising $60 $52
Distribution $59 $52
Marketing research $56 $48
International general sales* $77 $60
Product/brand sales $56 $46
Sales promotion $50 $43

Source: Sibson & Co., 1980 *Annual Management Compensation Survey*.

Table 2

1980 pay increases for 13 sales and marketing positions


Top sales and marketing 15.2% 13.8%
Top divisional marketing 13.3% 11.2%
Top marketing 11.8% 11.7%
Top sales 11.9% 12.2%
Top international marketing 13.8% 11.3%
Top public relations/advertising 12.2% 10.4%
Top public relations 14.1% 11.2%
Top advertising 10.8% 10.0%
Distribution 10.7% 10.2%
Marketing research 12.0% 9.8%
International general sales* 9.2% 11.5%
Product/brand sales 10.2% 10.0%
Sales promotion 11.5% 8.6%

*Percentages are based on a small survey sample.

and marketing executive positions in total compensation with a healthy 15.2% increase (Table 2). The other positions that exceed the average 12% gain are: top divisional marketing, top international marketing, top public relations/advertising, and top public relations executive.

Just as salaries and bonuses have escalated, so have long-term tax-efficient plans for executives. These are increasingly important to the highest level executive in the corporate hierarchy, but senior sales and marketing executives also derive sizeable payments for long-term income programs. While the survey indicates that one out of two companies have some type of long-term income plan, stock options are the most widely used device, offered by two out of every three companies that have such programs. The most popular method for administering long-term income awards is granting

$250 Million Company	$100 Million Company	$50 Million Company
$97	$82	$73
$79	$68	$61
$75	$64	$57
$61	$52	$47
$72	$59	$50
$61	$51	$44
$73	$60	$51
$61	$50	$44
$64	$56	$51
$53	$47	$43
$49	$39	N.A.
$42	$34	N.A.
$46	$37	N.A.
$40	$33	N.A.
$50	$43	$38
$44	$38	$35
$50	$44	$40
$45	$40	$37
$48	$42	$38
$42	$38	$35
$61	$50	$43
$48	$40	$35
$48	$42	$39
$41	$37	$35
$42	$37	$34
$37	$33	$31

N.A. Not available *Data based on a small survey sample.

awards to eligible executives on an annual basis. The number of employees included in such plans normally include the top 1%–3% of the total company workforce.

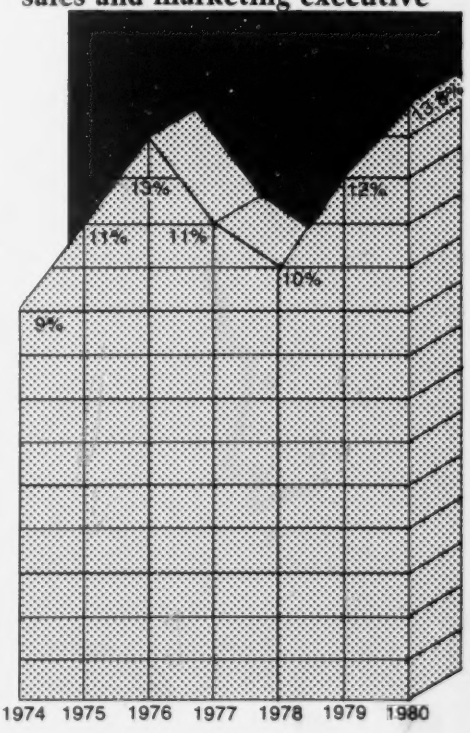
Fringe benefits, once considered a minor factor in compensation, are more important than ever. The survey shows that they represent 25%–30% of the value of the sales and marketing executive's total pay package. Companies increasingly provide supplemental retirement benefits, additional life insurance coverage, and supplemental medical programs to their senior sales and marketing executives.

An in-depth look at benefits reveals that upwards of half the companies surveyed have supplemental retirement and life insurance benefits for senior executives. The most frequent perquisites continue to be the company-paid physical, club dues, first-class air travel, tax counseling, estate and investment planning, and a company car.

If there is one phrase that describes compensation trends in the 1980s it is "keeping up." Although sales and marketing executives got substantial raises this year, they are barely staying even with inflation. As rapidly rising living costs and taxes continue to take a bigger bite out of marketers' paychecks, it will become increasingly difficult for them to come out ahead.

John A. Fischer is a vice president and principal of Sibson & Co., a Princeton, NJ, management consulting firm that specializes in employee compensation and human resources management. This article is based on Sibson's sixteenth annual management compensation survey, which developed data from 725 companies for the calendar year 1980 on 65 top management positions, 13 of which are in sales and marketing.

Salary increases for the top sales and marketing executive



AN S&MM SPECIAL SECTION

A REASON FOR EVERY MEETING

Cut costs, but don't

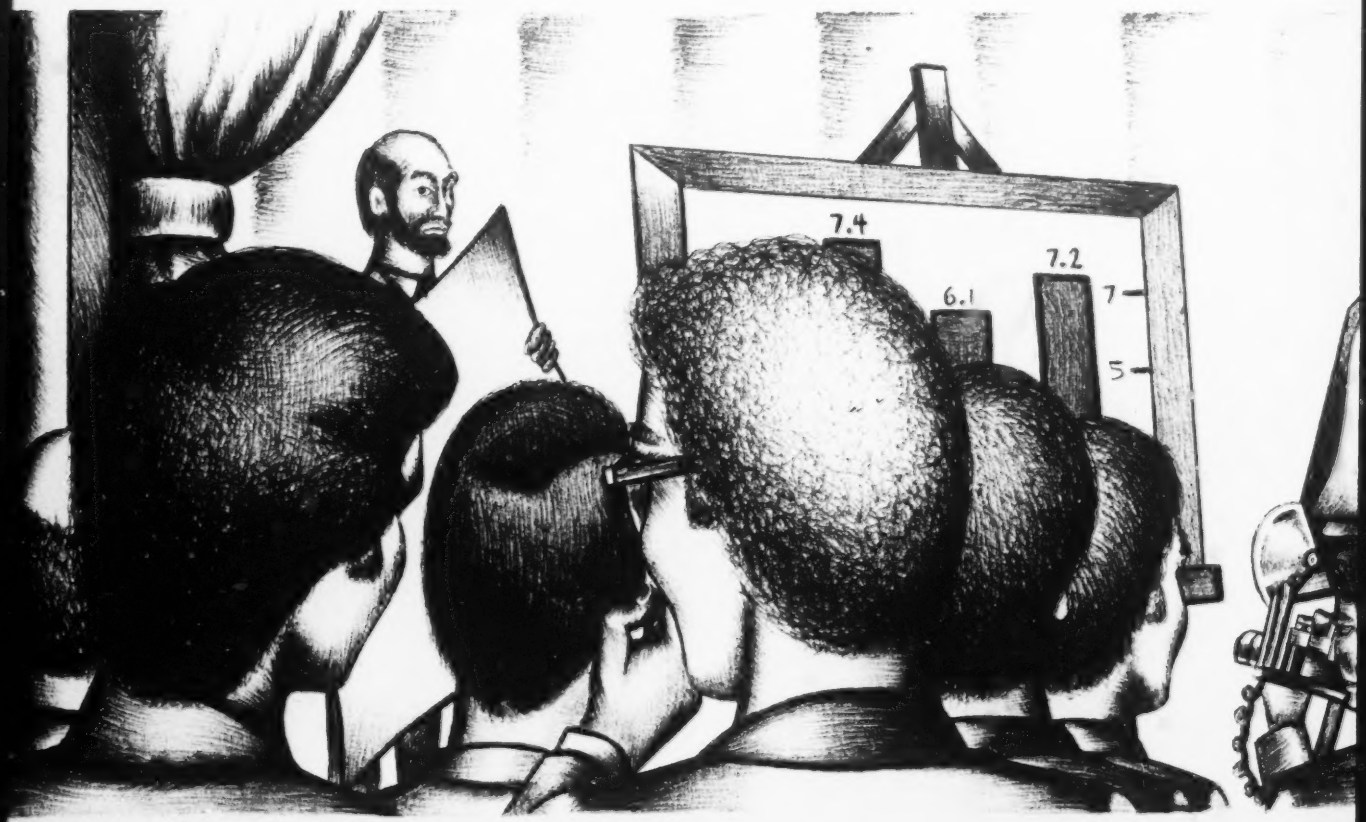
By RAYNA SKOLNIK
Associate Editor

Many sales managers believe that the business portion of a sales meeting should be balanced with liberal doses of recreation and entertainment. The meeting is not just a learning situation, they say; it's also a good opportunity for salespeople and their spouses to get to know each other and develop a family feeling. Also, they see the fun portion of the meeting as another way of thanking the sales force for a job well done.

Other managers believe that sales meetings should be strictly business, and that any recreation wastes the time that salespeople could spend selling, and money the company could spend in half a dozen better ways.

But all managers, whatever their basic beliefs, are casting a sharper eye on meetings in this recession year. Thus a survey sent to 1,000 S&MM subscribers in August reveals that while some companies are holding fewer meetings in order to cut costs, others are actually holding more in order to increase the effectiveness of their sales forces. The key is return on investment, time as well as money.

Fifty-nine percent of the 230 survey repondents say that they have cut meeting costs



cut corners

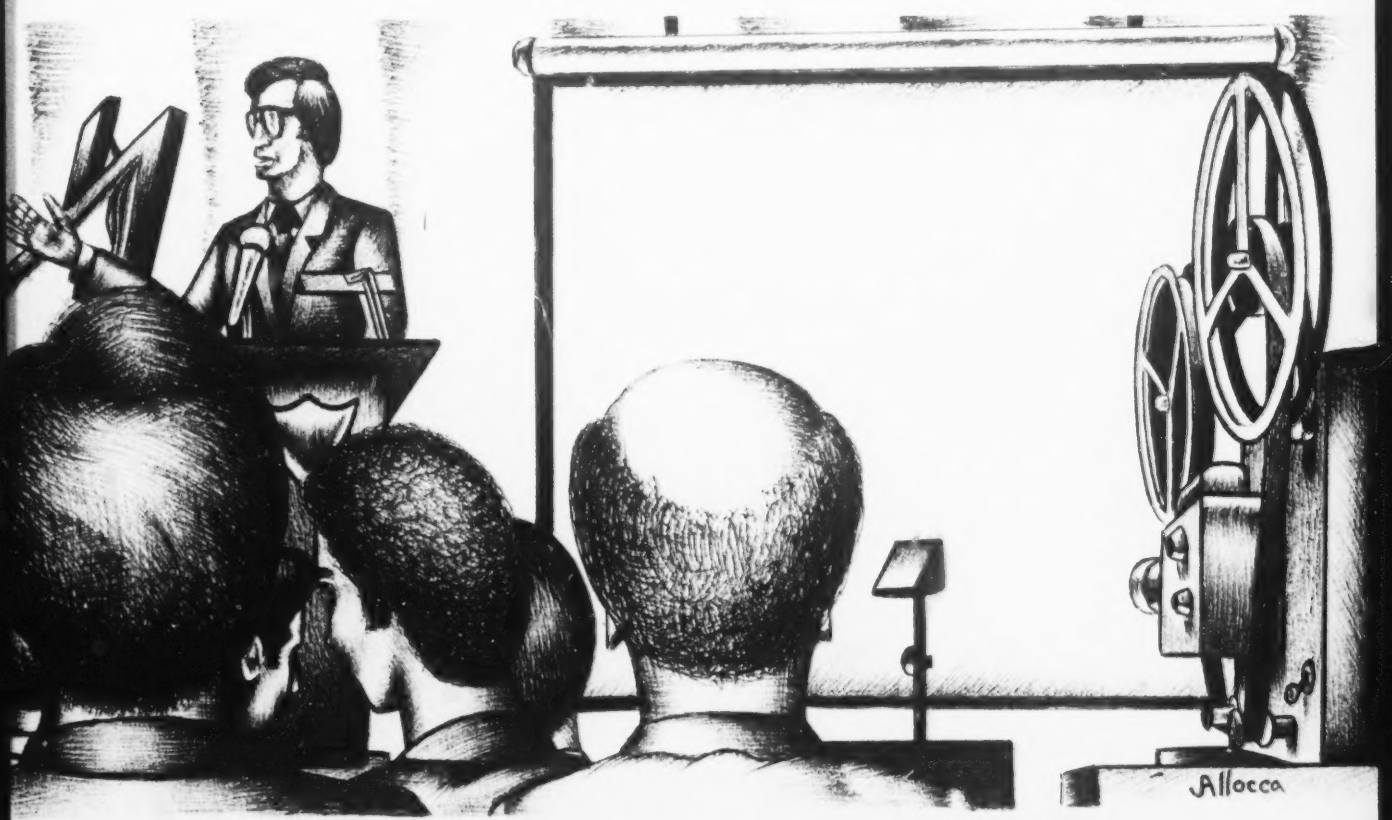
this year (see highlights, page 62). The steps taken most often:

• Shorten meetings. This reduces the time salespeople spend out of the field and the number of nights spent at hotels. Also, shorter meetings are more business oriented and include fewer frills such as banquets and recreational activities, all of which make costs skyrocket.

• Use less expensive facilities. Many respondents compare hotel rates carefully before making a choice. Others avoid "name brand" hotels or use low-priced motel chains. Two respondents require double-room occupancy. Many companies eliminated the cost of facilities entirely this year by holding meetings on a company site.

• Reduce travel costs. Meetings are scheduled so attendees can take advantage of special air fares, such as Super Savers. Respondents also are switching from national to regional meetings, so attendees won't have to travel as far. Some require attendees to drive rather than fly to the site in as many instances as possible.

• Reduce attendees. Spouses are the first to be eliminated, but companies are also reducing the number of technical people at meetings and dropping *any* people whose contri-



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A REASON FOR EVERY MEETING

bution to the meeting can't be proven.

• Tie meetings to other travel. Meetings are often scheduled just before or just after a convention or trade show that salespeople must attend.

Although the survey reveals a strong trend toward fewer meetings, a significant number of sales managers report an increase in meetings. Some typical responses:

1. The marketing director of a manufacturer of ski outerwear increased his national meetings to three this year, from two in 1979, "to improve product line analysis and input from sales reps."

2. The marketing vice president of a bedding manufacturer increased his regional meetings to four, from two last year, and his national meetings to six, from four last year, giving a succinct explanation: "better communication."

3. The vice president and general sales manager of a meat processor has a compelling reason for increasing his regional meetings to 12 this year, from 8 last year: "More training will be needed to survive the 1980s," he says.

Interestingly, the problems that those and other managers hope to solve by holding more meetings are the same ones respondents mentioned when asked what single element of their sales meetings needed the most improvement:

• Feedback and participation. This was mentioned more than twice as often as the next item.

• Motivation.

• Sales training.

It would, of course, be an oversimplification to say that if companies held more meetings, they wouldn't have as much trouble with feedback, motivation, and training. More meetings aren't the answer; they must also be better. The articles that follow offer suggestions on how to start on the road to improvement.

Highlights of S&MM's survey on sales meetings

1. Do you use your own sales force, independent reps, or both?*

Own sales force	52%
Independent reps	8
Both	40

2. How many people attend your regional and national sales meetings?

	Regional	*National*
1–9	30%	7%
10–24	40	18
25–49	21	30
50–99	6	20
100–149	1	11
150 or more	2	14

Base: Regional, 165; national, 196.

3. What are the approximate annual sales of your company or division?

$10 million or less	19%
$11–$25 million	23
$26–$50 million	20
$51–$100 million	17
$101–$500 million	16
$501 million or more	5

4. Do you use a professional meeting planner from outside your company other than the personnel at the meeting site?

Yes	6%
No	94

5. Is the sales force asked to suggest topics for the sales meeting?

Yes	75%
No	25

6. How often are the following included on your sales meetings agenda?

	Always	*Often*	*Sometimes*	*Never*
Sales training	45%	35%	16%	4%
Product introductions	41	48	11	0
Information on competitors	35	41	23	1
Sales progress reports	59	24	16	1
Product promotions	40	43	15	2
Motivational talks	30	32	35	3
Recognition or awards for salespeople	25	30	38	7
Announcement of incentive programs	12	28	44	16
Sales force feedback	65	28	7	0

7. How often do you hold sales meetings at a company site, and how often do you hold them at a noncompany site such as a hotel, resort, or conference center?

	Company Site	*Noncompany Site*
Always	10%	24%
Often	30	41
Sometimes	50	33
Never	10	2

Base: Company site, 200; noncompany site, 213.

8. Have you tried to reduce meeting costs this year?

Yes	59%
No	41

*Except where noted, figures are based on 230 responses.

AN S&MM SPECIAL SECTION

A REASON FOR EVERY MEETING

Ingersoll-Rand trains for professionalism

Kellstrom tells salespeople that their business will expand.

There were some uneasy people at Ingersoll-Rand last fall. A new sales force, Field Compression Sales, had been formed to pursue the oil-production business, a new market for Ingersoll-Rand. The salespeople in the Gas Compressor and Turbo Machinery groups, which have a common sales force, were to continue to concentrate on the process industries. Because Field Compression salespeople would be working for the Gas Compressor Group, the sales forces feared they would be competing with each other for some of the same sales.

"We had to show that we were going to expand everyone's business," says Arne Kellstrom, vice president, product management, Gas Compressor Group. Management felt that could be done most effectively during the next national sales meeting. "Unless you talk to people as a group," Kellstrom explains, "it's hard to get them to understand and agree."

Thus management set the following primary objectives for the national sales meeting:

- Sharpen each salesperson's perceptions of his job, role, functions, and duties.
- Give each salesperson an improved understanding of the products and markets of each of the groups sponsoring the meeting.
- Foster improved communications and cooperation between the salespeople, managers, product group marketing forces, and the plants.

Besides the sales force of the Gas Compressor and Turbo Machinery groups, which cosponsored the meeting, attendees included the sales forces of the Field Compression and Parts & Repairs groups, for a total of 180 people.

Although the meeting had been scheduled even before Field Compression Sales was formed, intensive planning began in October 1979. The meeting was held Mar. 7–11, 1980, at the Inn at Turtle Creek in San Antonio. Ingersoll-Rand used an outside meeting planner, Saxton Communications Group, New York City, because, Kellstrom says, "We wanted an objective, professional group, one that could provide ideas beyond our scope."

Each day of the meeting had its own theme specified in the agenda:

- Day One (Friday): Arrival Day (the program included a reception and the keynote address)
- Day Two (Saturday): Sales Training Day
- Day Three (Sunday): Sales Management Day
- Day Four (Monday): Sales Training Skills Day
- Day Five (Tuesday): Goals Day.

Each day was broken down into units, 95 in all. For each unit, the agenda listed the actual time slot, plus time length and a brief description of the

AN S&MM SPECIAL SECTION

A REASON FOR EVERY MEETING

session. For example, the listing for Unit 55 reads:

5:00–6:00 p.m. (60 min.) Workshop II: Marketing and Selling Profile—Section 5 (including wrap-up by workshop leader and logistics).

There was some nuts-and-bolts product training, Kellstrom says, but the major emphasis was on professionalism. Paul Micali, president of the Lacey Institute, spoke to attendees on professional selling skills; time management was covered by Dr. Larry Baker, director of the Time Management Institute. A film was used to give instruction in the art of negotiating with customers.

A common problem at sales meetings is getting feedback from the sales force. Kellstrom says that Ingersoll-Rand dealt with that situation continually. For example, attendees were divided into six groups for each of the one-hour product seminars. At the end of the hour, the groups switched, and this was done until everyone had attended each seminar. "By breaking into small groups and changing the subject, you encourage participation," Kellstrom says. "You couldn't get that from a big group in an auditorium."

Also, there was a question-and-answer session each day. Salespeople jotted down their questions and handed them to the panel of experts: company people representing manufacturing, engineering, marketing, and finance, plus the outside speakers. After the panel had answered the day's questions, there was an open forum.

The three main meeting days—Saturday, Sunday, and Monday—ran more than 12 hours each, with every minute accounted for except 40 minutes of free time before dinner. That's one reason spouses weren't invited (the other was cost). "There wasn't time for people to enjoy the area with their wives," Kellstrom says. "Besides, we were interested in training, not having people get to know each other better." There were no complaints about the working weekend, probably because salespeople are on commission and were just as happy not to spend too many days away from their customers.

But the planning, the long days, the hard work, and the cost (more than $300,000 for everything from travel to food to artwork) paid off. As a result of the sales meeting, Kellstrom says, "Our sales forces now understand the company's goals, and they know we have the products and talent to reach those goals." He adds, "People feel good about the exposure to professionals, and they came away with a great team feeling." And, not incidentally, sales are more than 30% ahead of last year's.

Federal Express's meetings connection

"Now when you go out of town, you don't have to be out of touch" proclaim the ads for Hotel Pak, an overnight package-delivery service begun by Federal Express last month. Hotel Pak materials and instructions are standard supplies in guest rooms of participating hotel chains. If you're not a guest, but are attending a meeting at the hotel, you can still use the service to mail such items as meeting reports, questionnaires, or slides back to your office. Marriott was the first hotel

Hotel Pak speeds mail from hotel to office.

chain to offer Hotel Pak; Hyatt, Radisson, Western International, and Howard Johnson have also signed up, and Hilton will do so this month.

To use the service, a guest presents a completed Hotel Pak voucher to the hotel cashier, who packages the material for shipment and arranges for pickup. The charge for an envelope that holds 2 lb. is $23; for a box or tube holding 5 lb., $28. (Comparable charges for material shipped from an office are $20 and $25.) Special arrangements can be made for packages up to 70 lb. Payment is by cash or credit card, or a hotel guest may charge the cost to his room. As with all Federal Express shipments, delivery is made by noon the next day.

AN S&MM SPECIAL SECTION

A REASON FOR EVERY MEETING

Regional meetings give L'Eggs a leg up

By BILL CALDWELL
Vice President, Sales
Hanes DSD

When L'Eggs was formed as a division of Hanes in 1969, we were a small, homogeneous group. Most of our sales meetings were little more than informal gatherings to clear signals and to make certain that everyone was brought up-to-date on new-product information and organizational changes. Our first national sales meeting, in 1970, could have been held in my living room in Winston-Salem, NC. Sales that first year were about $7 million and we were doing business in fewer than five states.

By 1973, however, we had become the largest manufacturer of pantyhose in the U.S. and were doing business nationally. With the company growing at such a rapid rate, it was a challenge to keep our information system progressing as rapidly as our sales and distribution systems. There was an obvious need for periodic national gatherings to coordinate our sales operations.

Thus for four years we held three-and-a-half-day national meetings at traditional meeting sites in such places as Florida, Puerto Rico, and Arizona. We think they achieved the objectives we had set. Nevertheless, over a period of time we wrestled with the problem of the cost of the meetings and what may have been an even bigger problem for our company: having our best people out of the field for at least four days.

One of the innovations that has distinguished L'Eggs, and in great measure has accounted for our phenomenal success, is our direct-store-delivery (DSD) system. DSD means that we stock and maintain the displays in the stores, replenishing inventory as it sells off the displays. Taking our people out of the field significantly undermines our sales productivity for that week. The difference shows up dramatically on the computer printouts that record our product movement.

Added to that is the cost of conducting meetings—air travel, food and lodging, hospitality, sales presentations, and so on. With inflation, it just got to be more than we could afford for what we were getting out of the meetings.

A further concern was that the very people who attended the meetings already spent most of their time travelling. Asking them to spend four more days away from home was adding insult to injury. If they didn't want to make one more trip and we didn't want to incur the expense of the meetings or lose sales while salespeople were out of the field, then why were we doing it? We decided it just didn't make sense. Thus we have adopted a combination of national meetings for our top field managers and regional meetings for our local sales forces.

We now hold four-day annual meetings for our senior field staff—regional and district sales managers—at Winston-Salem headquarters. Vice presidents and directors also attend. At those sessions, we brief everyone on all aspects of future marketing programs and new product introductions. In addition, we conduct product training sessions and budget development seminars. We make sure that attendees have all the information they need for their local salespeople.

As soon as possible after the national meeting, but no more

Bill Caldwell is one of the original members of the L'Eggs management team and has served as midwest regional manager and director of sales. He is now vice president, sales, Hanes DSD, the direct-store-delivery division that handles sales and distribution of L'Eggs pantyhose, L'Erin cosmetics, and Starbooks.

AN S&MM SPECIAL SECTION

A REASON FOR EVERY MEETING

than two weeks later, the field managers call one-day meetings, generally at airport hotels centrally located in their regions. There are five regional meetings; an average of 25 people attend each one. (These meetings do not include our 1,000 route sales representatives, who do not have direct sales responsibility). We also send a representative from headquarters to each of those regional meetings. We think this approach gives a more personal touch to the sessions and allows the field managers to localize the information that we present to them. It also reinforces the leadership role of our field managers in the development of their sales forces.

We have found that these regional meetings are much more cost efficient than our former national meetings. The sessions allow most of our people to fly in in the morning and leave in the evening, thus eliminating the cost of food—other than the lunch we serve—and lodging. It means we don't have to launch extensive entertainment programs or put on expensive multimedia sales presentations.

There is also a different mental attitude at the regional meetings. Because they are brief, brisk, and businesslike, and are held at an airport, there is a whole different tone. Once the meeting is called to order, we get right down to business; everyone realizes that we have to get through the material that day so that people can make their connections to get home that night.

Have we lost any of the sizzle by not getting our people together on the national level? We don't think so. Our salespeople don't seem to need pep rallies. They like being out there with their customers and they really hustle. And they like what being in the field does for their year-end sales results. As we look at the sales figures in this, our tenth anniversary year, we like the results, too. S&MM

S&MM NOTES

Her territory's a jungle

Literally. Thus an Avon sales rep in Brazil now gets a special boat allowance so that she can reach target customers who live on the banks of the Amazon River. Now that's going the extra knot.

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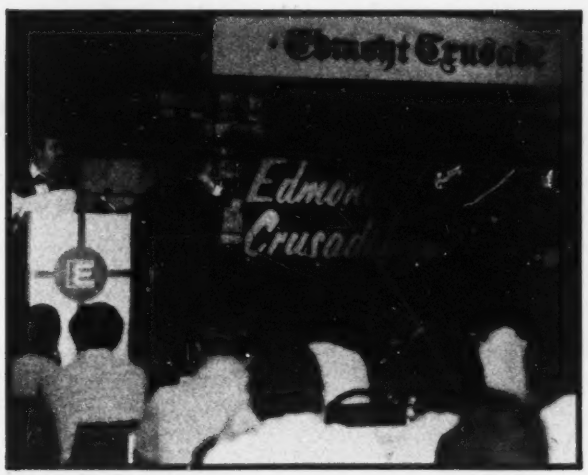
Edmont crusades for sales

What better way to introduce a product named Crusader than to turn salespeople into knights with a mission? Edmont-Wilson, a division of Becton, Dickinson, did just that when it introduced the Crusader industrial glove to its 33 territory managers and 4 regional managers during its annual sales meeting in September. The meeting theme was "Edmont's Crusade '81," the background for the presentation was a castle specially built for the meeting, and each "knight" attending was given a personalized battle flag for the crusade into the marketplace.

One full day of the 2½-day meeting was devoted to the new product: features and benefits, positioning, strategies for calling on distributors and end users, and controlling such problems as product misapplication. The remaining business sessions included a review of the division's other glove products and its industrial clothing line.



Edmont's Crusade '81 (clockwise from photo above) gets underway as general sales manager Bob Head lowers the drawbridge of the castle used as a background.

"King Arthur" (Larry Fullen, director of market management) dubs the new glove Crusader.

"Sir Lancelot" (Ken Dooley, market development manager) and King Arthur prepare for the initial product demonstration.

In one of the small group sessions, Bruce Larson, new product manager, gloves, discusses sales-support literature for the Crusader, assisted by Ed Bonin, Boston territory manager.

(continued on page 80)

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A REASON FOR EVERY MEETING

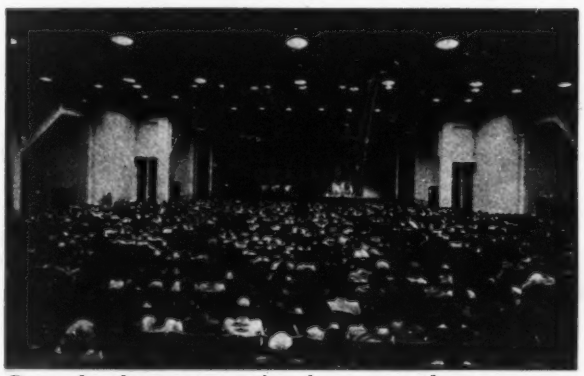
"Merlin" (Ed Ryan, director of marketing communications, r.) tells the attendees about the magic he will work with the ad campaign and support materials for the Crusader. Assisting him are, from left, Kay Rucker, advertising coordinator; Pat Dinan, supervisor, advertising services; and Bain Malone, president, Norman Malone Associates, Edmont's advertising agency.

Each "knight" receives a personalized battleflag as a souvenir of the meeting.

Parties in Tupperware's own home

When Volvo management needed space to introduce 18 cars in its 1981 line to 1,500 U.S. and Canadian dealers last month, it chose the Tupperware Convention Center. The dealers gathered in the auditorium for a massive multimedia show, which climaxed with a Volvo "flying" down onto the stage while the Florida Symphony played in the background. When the dealers left the hall, they found the 18 new cars displayed in a plaza that they had seen empty only an hour before. Russ Blair, vice president and marketing director of the convention center, says four days of preparation were needed for the meeting, which lasted three hours.

The convention center, which is adjacent to the international headquarters of Tupperware Home Parties (a division of the newly formed Dart & Kraft's Dart Industries subsidiary), can obviously handle extravaganzas. But it can also gear down for small meetings. The main conference hall can be used for a meeting of 1,800 people, can be divided into three separate rooms (each with its own sound system), or can be used as an exhibit hall with up to 130 8′×10′ booths. Two adjacent rooms can be used for smaller meetings or break-out sessions. The auditorium has fixed seating for 2,000, a stage with a 48′×24′ proscenium, professional sound and light equipment, and six furnished dressing rooms. The dining room can accommodate 2,000 at 10-seat tables, or can be set up for buffet service.



Room for the greatest sales show on earth.

Located 15 mi. south of Orlando, the convention center is convenient to many attractions that can fill the nonbusiness hours, including Walt Disney World, Sea World, Circus World, and the Kennedy Space Center. Another option: tours of Tupperware headquarters.

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A REASON FOR EVERY MEETING

Meet your goals with distributors

By LAWRENCE L. POWELL
President
Powell Tool Supply

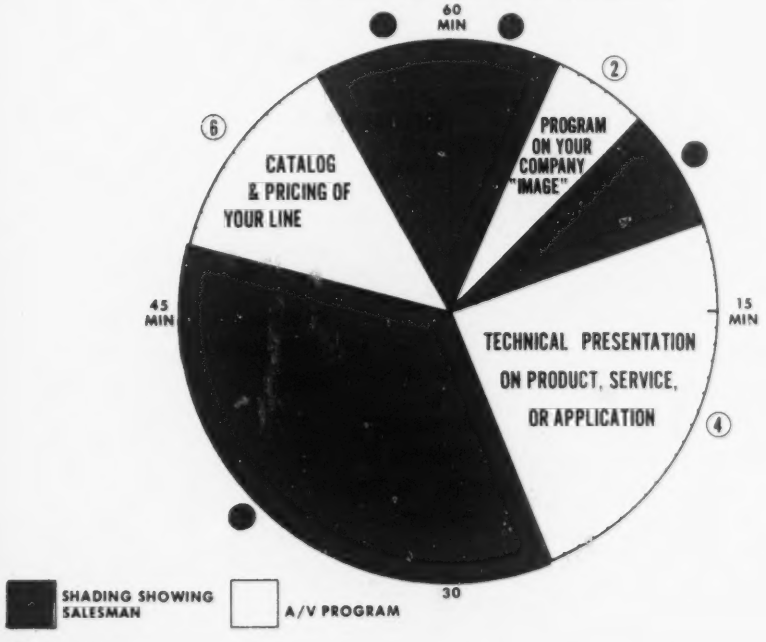
Field salespeople are excellent at one-to-one selling. They can answer questions and meet objections. But many of them are terrified when they have to stand in front of a group and conduct a meeting. Most of the sales meetings they run for distributors are therefore not as good as they should be.

Yet your local salesperson should conduct such meetings, for two reasons: (1) Everything that boosts your representative's prestige with the distributor will give the distributor's salespeople more confidence in him and more reason to work with him, and will thus get you more distributor sales time. (2) Running meetings gives your salesperson experience in a valuable selling technique: group selling.

The objective, then, is to use your salesperson in the selling role that he is used to and in which he excels. In the presentation, where he may be hesitant, provide the tools to do the job: automated audiovisuals that will handle the straightforward presentation of information. Short AV sections will reduce the time that the salesperson is in the spotlight. Also, while the AV portions are running, he can sit quietly and gather his thoughts for his next part of the presentation.

What follows is an outline of a one-hour meeting using that approach. The pie chart (at left) gives a visual representation of the meeting segments.

ANATOMY OF A SALES MEETING



1. (live presentation). The manufacturer's salesperson (the moderator) thanks the distributor and his salespeople for the opportunity to conduct the meeting and introduces any manufacturer personnel who are present. He then outlines the meeting plan, saying something like the following:

Gentlemen, this evening we are going to see some films showing our plant facilities in (city), (state). We are proud of our modern plant and our ability to produce a top-quality product. In the film, you will see some of the faces behind the voices you hear on the phone when you call our company. During this program, you will also get to know the people who back us up and keep us ahead of our competition. We will look at some typical manufacturing problems and will ask you to give your own ideas on solving some of them. There will

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be hands-on product demonstrations, and you will get a look at some of the products that will be introduced to your customers in the near future.

2. (audiovisual). This section is an automated slide program, with synchronized music and narration, showing the plant, machinery, and personnel, including the customer service people who are in direct contact with the distributor and his customers. The moderator can touch on company history, if desired, and establish an image in this section.

3. (live). The moderator hands out brochures, specially prepared for this meeting, which have technical information not available in the product catalogue. He uses the same artwork as in the AV program and similar copy, plus some questions. At this time, responses to the questions should be written on a blackboard or lecture pad, without correction. The objective is to have the distributor salespeople think about these problems before the technical sessions, so that questions can be raised that will be answered by the program. This sets up a better learning situation than presenting the program cold.

4. (audiovisual). A synchronized narration with slides presents the technical portion of the meeting. This is the time to talk about the vocabulary of your specific products. One way to do it is to use close-ups of the products, with artwork showing the specific areas being discussed.

5. (live). The moderator refers to the responses that were writ-

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ten on the board or lecture pad during Section 3. Each of the distributor salespeople discusses his responses in the light of the technical session; if he missed the proper recommendations, where did he feel he was wrong? The moderator will answer any questions that have come up during the technical part of the program. During this section he can also refer to the individual frames in the AV program and elaborate on areas that might not have been understood.

In Section 5, after the questions have been answered to the moderator's satisfaction, the group moves to a hands-on session. Each type of product lends itself to a different demonstration. Work pieces, along with cutaway models or demonstration kits, should be available. Each salesperson should be personally able to use the product or at least hold it and examine it.

6. (audiovisual). This part of the program should emphasize the catalogue as a selling tool. You could, for example, go into the reasons why certain tools are in certain areas of the catalogue, how the catalogue is laid out, and how the products are priced. New tools being developed could be mentioned. Use shots of R&D and show samples of the new products and perhaps a couple of shots of the lab demonstrating that you are an aggressive company working to keep at the forefront of your industry.

7. (live). The moderator summarizes what has been accomplished in the meeting, asks for suggestions from the audience as to how the program can be improved, hands out an evaluation sheet, and answers any final questions.

Larry Powell, president, Powell Tool Supply, South Bend, IN, is chairman of the joint Educational Aids Committee of the National Industrial Distributor Assn. and Southern Industrial Distributor Assn. (NIDA/SIDA). The suggestions he gives here were the basis for a recent NIDA/SIDA workshop for marketers on training distributor salespeople.

Computerized compatibility

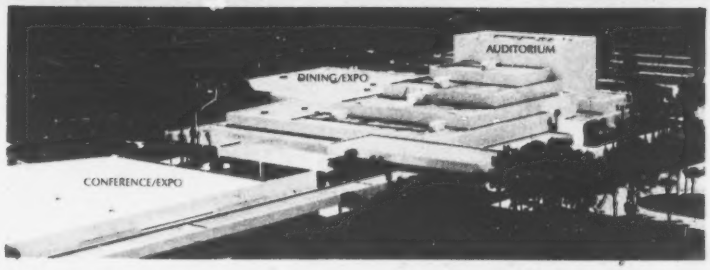
Salespeople can start learning even before the sales meeting with the help of an Alter Ego hand-held computer. Phoenix-based Arizona Digital, marketer of the $24.95 Alter Ego, suggests incuding a questionnaire with 48 pairs of meeting-related questions in the meeting announcement. Salespeople bring their answers to the meeting.

At registration, everyone receives an Alter Ego with instructions on entering the answers. During the cocktail hour or other social gathering that opens the meeting, salespeople compare answers by literally touching computer to computer and pushing a button that turns the devices on. An electronic reading indicates the percentage of their agreement.

Two computers compare answers.

Obviously, this gimmick helps salespeople get to know each other. But even more important, it gets them talking about the subject matter of the meeting.

Orlando, Florida has over 30,000 hotel rooms, but only one convention center



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A REASON FOR EVERY MEETING

Brand-Rex blends meetings and exhibits

By GEORGE C. GRAEBER
Director, Marketing & Engineering
Brand-Rex

Sales meetings are often so embellished with hype and gimmickry that they fail to accomplish their mission, which is to educate and motivate the sales force. At Brand-Rex, although we don't neglect the fun part of a sales meeting, we make sure we get our message across by using a combination of technical sessions and trade show exhibits.

Brand-Rex is a $250-million supplier of interconnection materials and components. At the 1980 sales meeting of the Electronic & Industrial Cable Div. (E&I), one of eight Brand-Rex operations, 200 field salespeople had a chance to interact with the total Brand-Rex family. The meeting, held Tuesday through Friday, Sept. 30–Oct. 3, at Dunfey's Conference Center, Hyannis, MA, featured two days of technical sessions, a one-day trade fair with 30 exhibit booths, nightly banquets, awards presentations, and entertainment.

During the technical sessions, which were for E&I only, 18 product, manufacturing, and industry managers spoke to the field salespeople about the division's line of more than 100 wire and cable products. Each presentation incorporated a variety of audiovisual tools showing manufacturing and production processes. Equally important, they showed the faces of the people responsible for taking a product from the drawing board to the customer's door.

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Rex were represented at the trade show. Exhibits, similar to those at industry trade shows, were designed to educate and inform attendees, as well as invite participation through a variety of attention-getting techniques. For example, the product development department, using a computer-based game, challenged attendees to answer a series of technical questions testing their knowledge of materials used in cable manufacture. Our advertising and public relations agencies, Creamer, Inc., and Creamer Dickson Basford, further taxed people to match wits with computer space invaders attacking from two TV screens mounted in a giant reproduction of Creamer's newest ad for the firm's nuclear-grade control cable.

In addition to the Brand-Rex division and department exhibits, corporate departments such as finance, personnel, and advertising had booths at which they explained their respective functions and responsibilities.

One highlight of the entertainment programs was a Gen. Patton–style presentation from George C. Scott lookalike and motivation consultant Simon Wilder, who spoke during the awards banquet. Lighter fare included a 50-man barbershop chorus and a seven-piece Dixieland band.

If increased sales are any measure of success, the 1980 meeting and its predecessors have been effective. Total Brand-Rex sales have more than doubled since 1975. E&I Div. sales alone jumped 270% in that time and now account for one-third of Brand-Rex corporate sales.

George C. Graeber is director, marketing & engineering, of Brand-Rex, Willimantic, CT, an Akzona company. A member of the Connecticut Professional Engineers Assn. and the Institute of Electrical and Electronics Engineers, he has held several engineering and marketing positions since joining Brand-Rex in 1970.

Charles R. Rowland, Sales Administration Manager, Morton Salt, Division of Morton-Norwich

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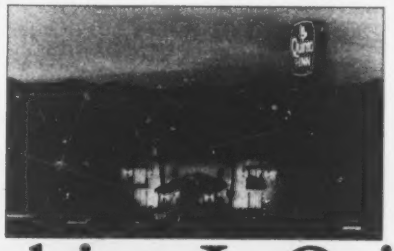

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